

BEFORE THE ARIZONA CORPORATION COMMISSION

CARL J. KUNASEK NOV 21 2000

Chairman

JIM IRVIN

Commissioner

WILLIAM A. MUNDELL

Commissioner

DOCKETED BY

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AZ CORP COMMISSION  
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION  
OF BUSINESS DISCOUNT PLAN, INC.  
FOR A CERTIFICATE OF CONVENIENCE  
AND NECESSITY TO PROVIDE COMPETITIVE  
INTRASTATE TOLL TELECOMMUNICATIONS  
SERVICES AS A RESSELLER, EXCEPT LOCAL  
EXCHANGE SERVICES.

DOCKET NO. T-03142A-96-0201

**STAFF'S FAIR VALUE RATE  
BASE COMMENTS**

On October 10, 2000 Business Discount Plan, Inc. ("The Applicant") filed a response to the September 11, 2000 Procedural Order's requirement to file Fair Value Rate Base ("FVRB") information in support of its application for a Certificate of Convenience and Necessity ("CC&N").

The Applicant is not currently providing service in Arizona. The September 11, 2000 Procedural Order ordered the Utilities Division Staff ("Staff") to file disagreements with the proposed FVRB and/or rates and charges within 60 days of the date of the Procedural Order.<sup>1</sup> Staff hereby files its disagreements with the Applicant's October 10, 2000 filing.

**Staff's Substantive Comments.**

The Applicant's response to the ordered FVRB information provides insufficient information for Staff analysis and recommendation for a fair value finding in this case. At a minimum, Staff requires the following three items of information of the applicant in order to make a FVRB recommendation. First, a dollar figure representing the Applicant's rate base is necessary for a FVRB analysis. This dollar figure should include all assets the applicant will use to provide the proposed telecommunications services to its Arizona customers, for the first twelve months of service and can include office space, office equipment, company vehicles, and other like items. Second, a FVRB analysis requires that the applicant provide an estimate of its maximum revenues

<sup>1</sup> The September 11, 2000 Procedural Order also ordered Staff to review the FVRB information filed and ascertain that the applicant is utilizing the appropriate amount of depreciation and capital carrying costs in determining its total service long-run incremental costs. The information filed by the Applicant was not sufficient to allow Staff to so ascertain.

1 to be received in exchange for providing the proposed telecommunications services to its Arizona  
2 customers, for the first twelve months of service assuming the maximum rates as filed in the  
3 application. Third, a FVRB analysis requires that the applicant provide an estimate of its maximum  
4 expenses incurred in providing the proposed telecommunications services to its Arizona customers,  
5 for the first twelve months of service, assuming the maximum rates as filed in the application.

6 The September 11, 2000 Procedural Order referenced the Opinion of the Arizona Court of  
7 Appeals, Division One in Cause No. 1 CA-CV 98-0672 ("Opinion"). Since the issuance of that  
8 Opinion and the Procedural Order, several parties to that case have filed petitions for review of the  
9 Opinion to the Arizona Supreme Court, including Staff, Electric Lightwave, Inc., AT&T, Sprint  
10 Communications, MFS Intelnet, and Cox Arizona Telcom.

11 **Staff's Procedural Comments.**

12 Staff believes that in light of the current appeal status of the Opinion, that the Applicant  
13 should have the choice of the following two procedural options in proceeding with its CC&N  
14 application.

15 **Alternative #1:**

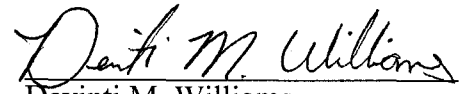
16 Staff recommends that if the Applicant wishes to have permanent rates set in this proceeding,  
17 that it be ordered to file the three above-described FVRB information items within 30 days of the  
18 date of any Commission order granting the requested CC&N, or at least 90 days prior to providing  
19 service. The Applicant should be ordered to notify Staff within ten calendar days of providing  
20 service. If there are any disagreements with any FVRB information the Applicant files, the Order  
21 granting the Applicant's CC&N should be stayed pending resolution of those disagreements.

22 **Alternative #2:**

23 If the Applicant desires to proceed with its CC&N application without providing FVRB  
24 information at this time, Staff believes that any tariffs filed in this matter should be reviewed and  
25 approved on an interim basis. If a CC&N is conditionally granted and tariffs are authorized on an  
26 interim basis, the Applicant should be required to file the three FVRB items with the Commission  
27 within thirty days of any final court mandate on the Fair Value requirement, and failure to file the  
28 information should result in the expiration of the conditional CC&N as well as expiration of any

1 approval to charge its tariffs on an interim basis. If there are any disagreements with any FVRB  
2 information the Applicant files, the Order granting the Applicant's CC&N should be stayed pending  
3 resolution of those disagreements.

4 RESPECTFULLY SUBMITTED this 21st day of November, 2000.

5   
6 Devinti M. Williams  
7 Arizona Corporation Commission  
8 Attorney, Legal Division  
9 1200 West Washington Street  
10 Phoenix, Arizona 85007  
11 (602) 542-3402

12 The original and fifteen copies  
13 of the foregoing filed this 21st day  
14 of November, 2000, with:

15 Docket Control  
16 Arizona Corporation Commission  
17 1200 West Washington Street  
18 Phoenix, Arizona 85007

19 Copy of the foregoing was mailed  
20 this 21st day of November, 2000 to:

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